

AN ACT relating to insurance.

***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

➔Section 1. KRS 186A.520 is amended to read as follows:

- (1) Except as provided in KRS 186A.555, a salvage title shall be obtained by the owner of a motor vehicle that meets the following definition of a salvage vehicle:
  - (a) A vehicle which has been wrecked, destroyed, or damaged, to the extent that the total estimated or actual cost of parts and labor to rebuild or reconstruct the vehicle to its preaccident condition and for legal operation on the roads or highways, not including the cost of parts and labor to reinstall a deployed airbag system, exceeds seventy-five percent (75%) of the retail value of the vehicle, as set forth in a current edition of the National Automobile Dealer's Association price guide.
  - (b) The value of repair parts for purposes of this definition shall be determined by using the current published retail cost of the parts equal in kind and quality to the parts to be replaced or the actual retail cost of the repair parts used in repair.
  - (c) The labor costs of repairs for purposes of this section shall be computed by using the hourly labor rate and time allocations which are reasonable and customary in the automobile repair industry in the community where the repairs are performed.
  - (d) Airbag reinstallation costs which are excluded from the seventy-five percent (75%) computation as set forth in paragraph (a) of this subsection shall be included by an insurer in the computation of the total physical damage estimate according to the terms and conditions of individual policies, provided that the total costs payable by an insurer do not exceed the total retail value of the vehicle.
- (2) (a) Subject to the provisions of paragraphs (b) and (c) of this subsection, the

owner or an authorized agent of a motor vehicle that meets the definition of a salvage vehicle as set forth in subsection (1) of this section shall, within fifteen (15) days from the receipt of all necessary paperwork required by this chapter, submit an application to the county clerk, on a form prescribed by the Department of Vehicle Regulation, for a salvage title, accompanied by a properly endorsed certificate of title and any lien satisfactions, if any appear, as may be required.

(b) If an insurance company is unable to obtain from the owner or an authorized agent a properly endorsed certificate of title for a motor vehicle within thirty (30) days of payment of damages in a claim settlement involving transfer of the motor vehicle to the insurance company, the insurance company, at any time thereafter, may apply to the county clerk, on a form prescribed by the Department of Vehicle Regulation, for a salvage title in the name of the insurance company without submitting the certificate of title for the motor vehicle. The application shall be accompanied by:

1. Evidence that the insurance company has paid a claim on the vehicle;
2. A copy of a written request for the certificate of title;
3. A copy of a written request for lien satisfactions sent to each lienholder appearing on the title record;
4. Proof that the request for a properly endorsed certificate of title and the request for the lien satisfaction, if applicable, were delivered by a nationally recognized courier service to, respectively, the last known address of the vehicle owner and the last known address of each lienholder appearing on the title record;
5. A minimum of two (2) photographs of the motor vehicle showing the damage to the motor vehicle; and

6. The required fee.

If a salvage title is issued pursuant to an application under this paragraph, a transfer of ownership of the motor vehicle by the insurance company shall be done using that salvage title.

(c) If an insurance company requests that a motor vehicle dealer licensed as a used motor vehicle auction dealer take possession of a motor vehicle that is the subject of an insurance claim which, at the time of the request, is presumed to include transfer of the motor vehicle to the insurance company, and subsequently the insurance company denies coverage with respect to the motor vehicle or otherwise does not take ownership of the motor vehicle, the motor vehicle dealer may, at any time after having possession of the motor vehicle for forty-five (45) days, apply to the county clerk, on a form prescribed by the Department of Vehicle Regulation, for a salvage title in the name of the motor vehicle dealer without submitting the certificate of title for the motor vehicle. The application shall be accompanied by:

1. A copy of a written request to the vehicle owner and each lienholder appearing on the title record, on the motor vehicle dealer's letterhead, requesting that, upon payment of applicable charges, the vehicle be removed from the motor vehicle dealer's facility;
2. Proof that the request was delivered by a nationally recognized courier service or by certified mail to the vehicle owner and to each lienholder appearing on the title record at least thirty (30) days before the date of the application; and

3. The required fee.

If a salvage title is issued pursuant to an application under this paragraph, a transfer of ownership of the motor vehicle by the motor vehicle dealer

shall be done using that salvage title.

- (3) The county clerk shall enter the information from the application into AVIS or KAVIS~~[retain a copy of each salvage title application received]~~ and shall electronically forward the original and its supporting documents to the Department of Vehicle Regulation in a manner similar to that for handling of an application for a title. The county clerk shall also retain a copy of each salvage title application received until directed by the Department of Vehicle Regulation to shred the physical copies.
- (4) The Department of Vehicle Regulation shall process the salvage title application in a manner similar to that used in processing a title application and the salvage title shall be delivered in a like manner of a title, except that in processing an application pursuant to subsection (2)(b) or (c) of this section, the Department of Vehicle Regulation shall not require the submission of the certificate of title for the motor vehicle. Salvage titles shall be construed as proof of ownership of a vehicle in a state as to be unusable upon the highways of the Commonwealth. A vehicle shall not be issued a registration for highway use as long as a salvage title is in force.
- (5) The only time a vehicle with a salvage title may be operated upon the highways of the Commonwealth is when it is in route to or from an inspection by the certified inspector prior to obtaining a certificate of title after having been rebuilt as per KRS 186.115.
- (6) An insurance company or motor vehicle dealer that applies for a salvage title pursuant to subsection (2)(b) or (c) of this section shall indemnify and hold harmless the Department of Vehicle Regulation from any liability arising from an error or misrepresentation made in the submission of an application to the county clerk.